



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 3/23/2021

Agenda Placement: 7K

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: Robert Minahen - Treasurer-Tax Collector
Treasurer-Tax Collector

REPORT BY: Robert Minahen, TREASURER-TAX COLLECTOR - 707.253.4328

SUBJECT: Delegation of investment authority to County Treasurer and Approval of proposed County Statement of Investment Policy

RECOMMENDATION

Treasurer-Tax Collector requests the following actions regarding the County's investments:

1. Adoption of a resolution renewing the delegation of investment/reinvestment authority to the Treasurer-Tax Collector for an additional one-year period beginning April 1, 2021 pursuant to California Government Code Sections 53607 and 27000.1; and
2. Approval of the Napa County Statement of Investment Policy in accordance with California Government Code Section 53646(a)(1).
3. Appoint former Treasurer-Tax Collector James Hudak to the Treasury Oversight Committee filling the position created for a member of the public.

EXECUTIVE SUMMARY

Renew Delegation of Investment Authority

The Legislature has enacted a detailed statutory scheme for the deposit and investments of local agency surplus funds. Since the County is a local agency, the County's Board of Supervisors is empowered to make investment decisions on the County's behalf. However, the Board of Supervisors may delegate its investment authority to the county treasurer pursuant to California Government Code Sections 53607 and 27000.1. If the delegation of investment/reinvestment authority occurs, the Treasurer-Tax Collector takes full responsibility for investments and reinvestments of local agency surplus funds until the Board of Supervisors either revokes its overall delegation of authority by ordinance, or decides not to renew the annual delegation.

Since the adoption of the ordinance in 1996, the Board of Supervisor's delegation of authority to the Treasurer-Tax

Collector to invest/reinvest has been renewed every year. The current annual delegation period is scheduled to expire at the end of March. Therefore, the Treasurer-Tax Collector is requesting the Board of Supervisors adopt a resolution delegating its authority to invest/reinvest local agency surplus funds held in the County Treasury.

Approve Napa County Statement of Investment Policy

The County's investment policy is presented annually to the Napa County Treasury Oversight Committee ("TOC") for review and monitoring in accordance with California Government Code Sections 27133 and 53646 (a)(1). The TOC approved the policy on November 18, 2020. The investment policy is then submitted to the Board of Supervisors for review and approval, pursuant to California Government Code Section 53646(a)(1). The following are the proposed changes to the investment policy:

- | Add Special District Funds to Section 2, *Scope*.
- | Define the maximum portfolio percentages included in section 7, *Permitted Investments and Limits*, to apply at the time of investment purchase.
- | Increase the maximum allowed investment in the Local Agency Investment Fund, Section 7.I. from \$65 million to \$75 million to remain consistent with the statutory maximum

The County's Treasurer-Tax Collector recommends approval of the attached 2021 Statement of Investment Policy.

Appoint Member of the Public to Treasury Oversight Committee

During the January 26, 2021 meeting, the Board adopted resolution 2021-06 amending the makeup of the Treasury Oversight Committee. The resolution added a member of public to the Committee as allowed under Government Code section 27132. The Treasurer-Tax Collector is recommending the appointment of former Napa County Treasurer-Tax Collector James Hudak, the sole applicant, to the Treasury Oversight Committee. As required by California Government Code section 27132(g), Mr. Hudak possesses direct experience in managing a municipal investment portfolio which qualifies him for inclusion.

FISCAL & STRATEGIC PLAN IMPACT

Is there a Fiscal Impact? No

County Strategic Plan pillar addressed:

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

Renew Delegation of Investment Authority

The Legislature has enacted a detailed statutory scheme for the deposit and investments of local agency surplus

funds. Since the County is a local agency, the County's Board of Supervisors is empowered to make investment decisions on the County's behalf. However, the Board of Supervisors may delegate its investment authority to the county treasurer pursuant to California Government Code Sections 53607 and 27000.1. If the delegation of investment/reinvestment authority occurs, the Treasurer-Tax Collector takes full responsibility for investments and reinvestments of local agency surplus funds until the Board of Supervisors either revokes its overall delegation of authority by ordinance, or decides not to renew the annual delegation.

In 1996, the Board of Supervisors adopted an ordinance delegating investment authority of local agency surplus funds to the Napa County Treasurer-Tax Collector. Government Code Section 53607 requires that the Board of Supervisor's delegation of authority to invest/reinvest local agency surplus funds be reviewed and approved annually. Since the adoption of the ordinance in 1996, the Board of Supervisor's delegation of authority to the Treasurer-Tax Collector to invest/reinvest has been renewed every year. The current annual delegation period is scheduled to expire at the end of March. Therefore, the Treasurer-Tax Collector is requesting the Board of Supervisors adopt a resolution delegating its authority to invest/reinvest local agency surplus funds held in the County Treasury.

Approve Napa County Statement of Investment Policy

In accordance with California Government Code Section 27133, the Treasurer-Tax Collector annually prepares/updates the County's Statement of Investment Policy which is then reviewed and monitored for compliance by the Treasury Oversight Committee (TOC) pursuant to California Government Code Section 27131. The Statement of Investment Policy, including any change, is subsequently brought to the Board of Supervisors for its review and approval in accordance with California Government Code Section 53646(a)(1).

Aside from County funds, the County Treasury's pool consists of deposits from other jurisdictions including School Districts, Special Districts and other fiduciary relationships. The investment policy guides the investment of excess funds (those not needed immediately for daily operations) held in the County Treasury.

The 2021 Statement of Investment Policy has the following proposed changes:

- | Add Special District Funds to Section 2, *Scope*.
- | Increase the stated maximum investment in the Local Agency Investment Fund from \$65 million to \$75 million per account included in Section 7.I. The Policy's maximum investment is set by state statute which increased to the \$75 million maximum, the proposed change simply syncs the stated maximum to the statutory maximum.
- | Amend Section 7, *Permitted Investments and Limits*, to note the maximum portfolio percentages apply at the time an investment is purchased. This change will help the treasurer avoid having to sell performing investments in times when the treasury pool holdings decline.

The proposed investment policy was reviewed and approved by the TOC at its November 18, 2020 meeting.

Appoint Member of the Public to Treasury Oversight Committee

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SUPPORTING DOCUMENTS

- A . Redline Investment Policy
- B . Clean Investment Policy
- C . Delegation of Authority Resolution

CEO Recommendation: Approve

Reviewed By: Samuel Ross